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ROSHKA HEYMAN & DEWULF

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ROSHKA HEYMAN & DEWULF, PLC
ATTORNEYS AT LAW
ONE ARIZONA CENTER
400 EAST VAN BUREN STREET
SUITE 800
PHOENIX, ARIZONA 85004
TELEPHONE NO 602-256-6100
FACSIMILE 602-256-6800

May 20, 2002

VIA HAND DELIVERY

Mr. Anthony Gatto
Utilities Division
Arizona Corporation Commission
1200 West Washington
Phoenix, Arizona 85007

Re: ICG Telecom Group, Inc.: Application for CC&N
Docket No. T-03566A-99-0743

Dear Mr. Gatto:

As requested, enclosed is updated financial information for ICG Telecom Group, Inc. ("ICG") (years 2000 and 2001 unaudited). The 2001 10K for ICG's parent, ICG Communications, Inc. is publicly available by internet. If you would like a hard copy of the 10K, please let me know.

Sincerely,

Michael W. Patten

MWP/djj
Enclosure

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cc: Raymond S. Heyman, Esq.

Arizona Corporation Commission
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ICG TELECOM GROUP, INC.
(Debtor-in-Possession)
Unaudited Consolidated Balance Sheets
December 31, 2000 and 2001

	December 31,	
	2000	2001
	(in thousands)	
Assets		
Current assets:		
Cash and cash equivalents	$ (6,403)	$ (6,992)
Receivables:		
Trade, net of allowance of $94.2 million and $43.2 million at December 31, 2000 and 2001, respectively`	113,740	56,888
Prepaid expenses, deposits and other	6,809	10,250
Total current assets	114,146	60,146
Property and equipment, net of accumulated depreciation of $0 million and $20.4 million at December 31, 2000 and 2001, respectively	141,208	124,495
Restricted cash	1,790	1,866
Other assets:		
Deferred financing costs, net of accumulated amortization of $183 thousand and $0 million at December 31, 2000 and 2001, respectively	49	-
Deposits and other	4,482	7,381
Intercompany receivable	16,357	-
	22,678	9,247
Total Assets	$ 278,032	$ 193,889
Liabilities and Stockholders' Deficit		
Current liabilities not subject to compromise:		
Accounts payable	$ 7,289	$ 8,253
Accrued liabilities	67,897	158,211
Deferred revenue	14,840	7,590
Total current liabilities not subject to compromise	90,026	174,054
Liabilities subject to compromise	2,704,744	2,625,811
Long-term liabilities not subject to compromise:		
Intercompany payable	-	83,896
Other long-term liabilities	1,090	1,090
Total liabilities	2,795,860	2,884,851
Stockholders' deficit :		
Additional paid-in capital	89,595	89,595
Accumulated deficit	(2,607,423)	(2,780,557)
Total stockholders' deficit	(2,517,828)	(2,690,962)
Total Liabilities and Stockholders' Deficit	$ 278,032	$ 193,889

Notes:
See accompanying Notes to the Unaudited Consolidated Financial Statements.

ICG TELECOM GROUP, INC.
Unaudited Consolidated Statements of Operations

	Years ended December 31, 2000	Years ended December 31, 2001
	(in thousands)	
Revenue	$ 570,628	$ 495,470
Operating costs and expenses:		
Operating costs	441,931	360,361
Selling, general and administrative expenses	241,543	101,803
Leasing expense (Note 7)	146,186	160,709
Depreciation and amortization	207,876	25,845
Provision for impairment of long-lived assets (Note 3)	841,728	14,816
Other, net	1,482	723
Total operating costs and expenses	1,880,746	664,257
Operating (loss)	(1,310,118)	(168,787)
Other income (expense):		
Interest expense (intercompany interest of $289 million at December 31, 2000, and $0 million at December 31, 2001)	(292,520)	(7,638)
Interest income including $44.6 million of intercompany interest at December 31, 2001	1,610	44,771
Other expense, net, including realized gains and losses on marketable trading securities	7,534	(458)
	(283,376)	36,675
Loss from continuing operations before reorganization expense, income taxes and extraordinary gain	(1,593,494)	(132,112)
Reorganization expenses (Notes 5 and 6)	9,230	41,023
Income tax expense	-	1
Loss from continuing operations before extraordinary gain and cumulative effect of change in accounting principle	(1,602,724)	(173,134)
Cumulative effect of change in accounting principle for revenue from installation services	7,363	-
Net loss	$ (1,610,087)	$ (173,134)

Notes:

See accompanying Notes to the Unaudited Consolidated Financial Statements.

ICG TELECOM GROUP, INC.
Unaudited Consolidated Balance Sheets
December 31, 2000 and 2001

	December 31, 2000	December 31, 2001	Change $	Change %
	(in thousands)			
Assets				
Current assets:				
Cash and cash equivalents	$ (6,403)	$ (6,992)	$ (589)	9.20
Receivables:				
Trade, net of allowance of $94.2 million and $43.2 million at December 31, 2000 and 2001, respectively	113,740	56,888	(56,852)	(49.98)
Prepaid expenses, deposits and other	6,809	10,250	3,441	50.54
Total current assets	114,146	60,146	(54,000)	(47.31)
Property and equipment, net of accumulated depreciation of $0 million and $20.4 million at December 31, 2000 and 2001, respectively	141,208	124,495	(16,713)	(11.84)
Restricted cash	1,790	1,866	76	4.25
Other assets:				
Deferred financing costs, net of accumulated amortization of $183 thousand and $0 million at December 31, 2000 and 2001, respectively	49	-	(49)	(100.00)
Deposits and other	4,482	7,381	2,899	64.68
Intercompany receivable	16,357	-	(16,357)	(100.00)
	22,678	9,247	(13,431)	(59.22)
Total Assets	$ 278,032	$ 193,889	$ (84,143)	(30.26)
Liabilities and Stockholders' Deficit				
Current liabilities not subject to compromise:				
Accounts payable	$ 7,289	$ 8,253	$ 964	13.23
Accrued liabilities	67,897	158,211	90,314	133.02
Deferred revenue	14,840	7,590	(7,250)	(48.85)
Total current liabilities not subject to compromise	90,026	174,054	84,028	93.34
Liabilities subject to compromise	2,704,744	2,625,811	(78,933)	(2.92)
Long-term liabilities not subject to compromise:				
Intercompany payable	-	83,896	83,896	-
Other long-term liabilities	1,090	1,090	-	0.00
Total liabilities	2,795,860	2,884,851	88,991	3.18
Stockholders' deficit:				
Additional paid-in capital	89,595	89,595	-	0.00
Accumulated deficit	(2,607,423)	(2,780,557)	(173,134)	6.64
Total stockholders' deficit	(2,517,828)	(2,690,962)	(173,134)	6.88
Total Liabilities and Stockholders' Deficit	$ 278,032	$ 193,889	$ (84,143)	(30.26)

Notes:
See accompanying Notes to the Unaudited Consolidated Financial Statements.

ICG TELECOM GROUP, INC.
Unaudited Consolidated Statements of Operations

	Years ended December 31, 2000	2001	Change $	Change %
		(in thousands)		
Revenue	$ 570,628	$ 495,470	$ (75,158)	(13.17)
Operating costs and expenses:				
Operating costs	441,931	360,361	(81,570)	(18.46)
Selling, general and administrative expenses	241,543	101,803	(139,740)	(57.85)
Leasing expense	146,186	160,709	14,523	9.93
Depreciation and amortization	207,876	25,845	(182,031)	(87.57)
Provision for impairment of long-lived assets	841,728	14,816	(826,912)	(98.24)
Other, net	1,482	723	(759)	(51.21)
Total operating costs and expenses	1,880,746	664,257	(1,216,489)	(64.68)
Operating loss	(1,310,118)	(168,787)	1,141,331	(87.12)
Other income (expense):				
Interest expense (intercompany interest of $289 million at December 31, 2000, and $0 million at December 31, 2001)	(292,520)	(7,638)	284,882	(97.39)
Interest income including $44.6 million of intercompany interest at December 31, 2001	1,610	44,771	43,161	2680.81
Other expense, net, including realized gains and losses on marketable trading securities	7,534	(458)	(7,992)	(106.08)
	(283,376)	36,675	320,051	(112.94)
Loss from continuing operations before reorganization expense, income taxes and extraordinary gain	(1,593,494)	(132,112)	1,461,382	(91.71)
Reorganization expenses	9,230	41,023	31,793	344.45
Income tax expense	0	1	1	-
Loss from continuing operations before extraordinary gain and cumulative effect of change in accounting principle	(1,602,724)	(173,134)	1,429,590	(89.20)
Cumulative effect of change in accounting principle for revenue from installation services	7,363	0	(7,363)	(100.00)
Net loss	(1,610,087)	(173,134)	1,436,953	(89.25)

Notes:
See accompanying Notes to the Unaudited Consolidated Financial Statements.

ICG TELECOM GROUP, INC.
(Debtor-in-Possession)
Notes to Consolidated Financial Statements (Unaudited)

(1) Basis of Presentation

These consolidated financial statements should be read in conjunction with the ICG Communications, Inc.'s and subsidiaries ("ICG") Annual Report on Form 10-K for the year ended December 31, 2000 as certain information and note disclosures normally included in consolidated financial statements prepared in accordance with generally accepted accounting principles ("GAAP") have been condensed or omitted from the statements attached hereto. ICG Telecom Group, Inc. (the "Company") is a wholly owned subsidiary of ICG. The December 31, 2000 amounts reflected herein have been adjusted to reflect any adjustments made subsequent to the previously filed December 31, 2000 consolidated financial statements.

All significant intercompany accounts and transactions have been eliminated in consolidation.

(2) Bankruptcy Proceedings

On November 14, 2000 (the "Petition Date"), ICG, except certain non-operating entities (collectively referred to as the "Debtors"), filed voluntary petitions for protection under Chapter 11 of the United States Bankruptcy Code in the Federal District of Delaware in order to facilitate the restructuring of its debt, trade liabilities and other obligations. The Debtors are currently operating as debtors-in-possession under the supervision of the United States District Court for the District of Delaware (the "Bankruptcy Court"). The bankruptcy petitions were filed in order to preserve cash and to give the Debtors the opportunity to restructure their obligations.

On December 19, 2001 the Debtors filed a proposed Plan of Reorganization and a Disclosure Statement (collectively referred to as the "Plan") in the Bankruptcy Court. The Plan is premised on the substantive consolidation of all of the Debtors for purposes of Plan voting, confirmation and distribution of claim proceeds. The Plan contemplates the conversion of the Debtors' existing unsecured debt into common equity in the post-bankruptcy, reorganized company. The Plan also contemplates the issuance of new secured notes to the Debtors' existing secured lenders. The Plan calls for the cancellation of all equity securities previously issued by the Debtors, including all common stock, preferred stock and warrants. Consummation of the Plan is contingent upon receiving Bankruptcy Court approval, as well as the approval of certain classes of creditors.

ICG, assisted by its investment banker, Dresdner Kleinwort & Wasserstein, Inc., evaluated the enterprise value of ICG in connection with the filing of the Plan on December 19, 2001. Accordingly, a stand-alone valuation of the Company was not evaluated. The enterprise value of ICG on a going concern basis was estimated to be between $350 million and $500 million. This valuation of ICG results in a valuation of the new common equity to be issued under the Plan, in the aggregate, between approximately $136 million and $287 million, which is derived by subtracting from ICG's enterprise value the projected funded debt on the pro forma balance sheet for ICG on the date of emergence from bankruptcy. The valuation is based on numerous assumptions, including, among other things, the achievement of certain operating results, market values of publicly-traded securities of other relevant companies and general economic and industry conditions.

Under accounting guidelines commonly referred to as "fresh start", the fair value of all assets of ICG will be estimated as it emerges from bankruptcy in conformity with GAAP, specifically Statement of Financial Accounting Standards ("SFAS") No. 141, *"Business Combinations."* The enterprise value range in the Plan implies that a fair value adjustment of up to $200 million to property and equipment may be necessary. However, the Plan assumptions are likely to differ from the actual business conditions at the date of emergence from bankruptcy. Therefore, the fair values assigned to assets upon emergence from bankruptcy will also be different. The fair value adjustment to property and equipment, if any, will be recorded upon emergence from bankruptcy once the final enterprise value is determined.

Because of the ongoing nature of the reorganization cases, the outcome of which is not presently determinable, the consolidated financial statements contained herein are subject to material uncertainties and may not be indicative of ICG and the Company's future operations or financial position. No assurance can be given that ICG and the Company will be successful in reorganizing its affairs within the Chapter 11 bankruptcy proceedings.

As a result of the items discussed above, there is doubt about ICG's and the Company's ability to continue as a going concern. The ability of ICG and the Company to continue as a going concern is dependent upon, but not limited to, the approval and confirmation of a plan of reorganization, adequate sources of capital, customer and employee retention, the ability to provide high quality services and the ability to sustain positive results of operations and cash flows sufficient to continue to operate. These consolidated financial statements do not include any adjustments to the recorded amounts or classification of assets or liabilities or reflect any amounts that may ultimately be paid to settle liabilities and contingencies which may be required in the Chapter 11 reorganization or the effect of any changes, which may be made in connection with the Company's capitalization or operations resulting from a plan of reorganization.

These consolidated financial statements have been prepared in accordance with AICPA Statement of Position ("SOP") 90-7, *"Financial Reporting by Entities in Reorganization under the Bankruptcy Code."* Pursuant to SOP 90-7, an objective of financial statements issued by an entity in Chapter 11 is to reflect its financial evolution during the proceeding. For that purpose, the financial statements for periods including and subsequent to filing the Chapter 11 petition should distinguish transactions and events that are directly associated with the reorganization from the ongoing operations of the business. Expenses and other items not directly related to ongoing operations are reflected separately in the consolidated statement of operations as reorganization expenses.

(3) Asset Impairment

ICG has provided for the impairment of long-lived assets, including goodwill, pursuant to SFAS No. 121, *"Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to be Disposed of."* SFAS 121 requires that long-lived assets and certain identifiable intangibles held and used by an entity be reviewed for impairment whenever changes in circumstances indicate that the carrying value of an asset may not be recoverable. Such events include, but are not limited to, a significant decrease in the market value of an asset, a significant adverse change in the business climate that could affect the value of an asset or a current period operating or cash flow loss combined with a history of operating or cash flow losses. An impairment loss is recognized when estimated undiscounted future cash flows, before interest, expected to be generated by the asset are less than its carrying value. Measurement of the impairment loss is based on the estimated fair value of the asset, which is generally determined using valuation techniques such as the discounted present value of expected future cash flows, appraisals or other pricing models.

Management, in consultation with its financial advisors, determined that the fair value of tangible assets to be utilized in ongoing operations of ICG was $550 million at December 31, 2000. The determination was based primarily on the present value of discounted cash flows, although ICG also took into consideration several other valuation techniques, including asset appraisals and current market capitalization. As a result, ICG and the Company recorded impairment charges of $1.7 billion and $842 million in 2000, respectively.

(4) Liabilities Subject to Compromise

As of December 31, 2000 and December 31, 2001, liabilities subject to compromise consist of the following:

	December 31, 2000	December 31, 2001
	(in thousands)	
Unsecured creditors	$ 2,532,339	$ 2,477,734
Priority creditors	25,709	10,806
Capital lease obligations	146,696	137,271
Total	$ 2,704,744	$ 2,625,811

Included in unsecured creditors are $2.28 billion of intercompany payables that will be eliminated in consolidation.

(5) Qwest Settlement

In July 2001, ICG reached a settlement agreement (the "Agreement") with Qwest Communications Corporation and Qwest Corporation (collectively "Qwest"). The Agreement related to various agreements between ICG and Qwest including IRU agreements, a capacity lease agreement, an equipment purchase agreement, a remote access service agreement, a private label remote access service agreement and a primary rate interface agreement.

Based on the terms of the Agreement, the Company has recorded a gain of approximately $2.2 million in reorganization expense in the accompanying consolidated statement of operations. The gain may be adjusted if certain transactions contemplated by the Agreement are consummated. It is not possible to determine the amount of the adjustments at this time.

(6) Reorganization Items

For the twelve months ended December 31, 2001, net reorganization expenses totaled approximately $41 million, consisting of a gain of $2.2 million related to the Qwest settlement (see note 5 above), offset by $12 million in severance and retention costs, $13.5million in professional and legal fees, $11.1 million in costs related to the closing of certain switch sites and administrative offices, $5.4 million in line cost cancellation fees and $1.2 million in other miscellaneous expenses. The retention bonus accrual is pursuant to a Bankruptcy Court approved plan to retain employees through the bankruptcy process.

(7) Leasing Expense

Leasing expense totaling approximately $161 million and $146 million in 2001 and 2000, respectively, relates to the rental of facilities from consolidated subsidiaries and is eliminated in consolidation.